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Poverty Pay and Food Stamps at American Airlines

Survey of passenger service agents at American-owned Envoy Air reveals reliance on public assistance programs

Executive summary

Envoy Air is a wholly-owned subsidiary of American Airlines, the largest passenger airline in the United States. Envoy employs more than 3,800 passenger service agents whose responsibilities range from guiding planes on the tarmac to de-escalating tense situations among customers. Envoy agents work at some of the nation's biggest and busiest airports as well as smaller regional airports that connect flyers to travel destinations around the country.

Wages for Envoy agents are among the lowest in the airline industry and start as low as \$9.48 an hour. Many agents say they must rely on public assistance programs because of the low pay. This report explores the use of public assistance and the effects of low wages among Envoy passenger service agents, drawing on data from a survey of 900 employees across the country, as well as first-hand accounts of their experiences. The online survey was conducted by the agents' union, the Communications Workers of America (CWA). Approximately one quarter of all Envoy agents participated. The survey's major findings include:

- » Twenty-seven percent of survey participants reported relying on public assistance to meet the needs of their household
- » Food stamps were reported as the most commonly-used type of public assistance (20 percent of all survey participants)
- » Among agents *not* receiving public assistance, 82 percent of respondents said they rely on help from family and friends, often in the form of financial assistance, childcare or, a place to live

Envoy workers also submitted hundreds of first-hand testimonials as part of the survey, detailing extreme measures they must take to cover basic living expenses, including selling plasma, buying out-of-date food, and borrowing against retirement accounts.

CWA

The Communications Workers of America (CWA) represents 700,000 workers in private and public sector employment in the United States, Canada and Puerto Rico. CWA represents nearly 9,000 passenger service agents at American Airlines subsidiaries Envoy Air and Piedmont Airlines and 14,000 passenger service agents at American Airlines.

COMPANY PROFILE:

American Airlines and its subsidiary Envoy Air

envoy

Envoy Air is a wholly-owned subsidiary of American Airlines, the largest U.S. passenger carrier, and provides services exclusively to American.¹ Envoy operates out of nearly 100 airports across the country, including a range of large international airports, as well as smaller regional facilities.

In recent years, regional routes and operations have become an increasingly crucial element of both American's business and the broader commercial aviation industry. Across the entire sector, regional flights increased from 16 percent of domestic departures in the year 2000 to 45 percent in 2016.² At American, regional subsidiaries and affiliates operate 53 percent of American's domestic departures and bring in 75 percent more revenue than the mainline carrier per available seat mile.³

Recent financial filings show continued profitability at American Airlines. The company posted \$1.9 billion in profits for FY2017 and CEO Doug Parker said recently that he doesn't think the airline is "ever going to lose money again."⁴ Like many of the largest corporations in America, the company will realize benefits from the recently-passed "Tax Cuts and Jobs Act," reforms to the tax code that American – through its lobbying arm – supported and said would "spur a new era of job growth and economic development."⁵ In addition to a small benefit in 2017, the company anticipates tax refunds of \$170 million in 2019 and 2020 as a result of the repeal of the Corporate Alternative Minimum Tax.⁶ Meanwhile, the airline is not a cash taxpayer and may not be for several years because of its 2011 bankruptcy.⁷

PASSENGER SERVICE AGENTS AT A GLANCE:

Responsibilities and Compensation

Envoy Air employs more than 3,800 passenger service agents at nearly 100 locations across the country. These agents perform a range of tasks essential to American's flight operations, including:

- » Managing pre-flight checks
- » De-escalating tense situations with travelers and customers
- » Helping passengers re-book their flights during inclement weather or last-minute cancellations
- » Guiding planes on the tarmac

Starting pay for passenger service agents at Envoy is \$9.48 an hour, and the median wage is \$10.86.⁸ Raises are sporadic and minimal. Envoy agents receive a guaranteed fifty cent raise at the six-month and one-year mark in their tenure, but then do not receive a guaranteed raise again until they have completed 11 years with the company. As a result, more than 75 percent of agents earn less than \$13 per hour.



SURVEY RESULTS:

Widespread Reliance on Public Assistance Among Envoy Agents

A national survey of 900 Envoy Agents conducted by CWA provides a first look at the link between low pay at the company and the use of public assistance and other outside funding sources to supplement agents' primary income. The survey was conducted online between February 5 and February 15, 2018, with approximately a quarter of all Envoy agents participating and more than eighty Envoy locations represented.

The survey shows that low wages at Envoy have driven widespread use of taxpayer-funded assistance programs among agents, with many agents feeling the company's compensation cannot cover basic living expenses:

- » Only 13 percent of survey respondents said they felt their wages provided enough to get by.
- » Twenty-seven percent of survey participants said they rely on some form of public assistance, with some using more than one type of assistance.
- » Food stamps were reported as the most commonly-used form (20 percent of all survey respondents), followed by Medicaid and the Children's Health Insurance Program (CHIP) at 16 percent.
- » Seven percent of all Envoy agents who participated in the survey said they use heating assistance and two percent said they used cash assistance.

Among agents who are *not* on public assistance, 82 percent of respondents said they rely on help from family and friends to make ends meet because their wages are inadequate. Workers submitted hundreds of individual testimonials detailing their daily struggles to get by.

Envoy agents expressed frustration that their paychecks for a full-time job do not cover basic living expenses:

"I'm a single mother of a 3-year-old boy. My son's father passed away when he was only 2 years old... Due to my checks being so low, I have to depend on the state for food stamps and medical assistance, also daycare assistance and the government cell phone program just to make it month-to-month."

– Agent with two years' experience at O'Hare International Airport in Chicago

"I love my job, but am forced to live with family and get government assistance. It would be nice to be able to work full-time for the company and be able to afford getting my own apartment and feed my family of three off of the income. Unfortunately, that's not a reality."

– Agent with two years' experience at Cleveland Hopkins International Airport

Many agents detailed the strain placed on their families because of low pay and long hours:

"I have a one-year-old son I only see three days a week because I work two jobs and upwards of 70 hours over six days and sometimes seven days a week. I work doubles four days a week."

– Agent with six years' experience at Buffalo Niagara International Airport in New York

"I just reached top out pay [of \$15.71 per hour] but it came too late. With the rise of insurance premiums the past two years and no annual pay raises for over four years I was not able to make ends meet. I've had to downsize my car, I lost my home and had to file bankruptcy. This is what a lot of us that have given our company 10+ years of hard work and dedication have had to endure. This is the reality of low pay and no pay raises and higher premiums. When it comes to the last few days before pay day, we shouldn't have to choose between gas for work or putting a decent meal on the table for my family.

– Agent with twelve years' experience at Appleton International Airport in Wisconsin

Some agents expressed concern about their safety on the tarmac because of the demands of long hours and multiple jobs:

"I risk my safety and life in front of a plane engine – daily – for less than what a high school fast food worker makes...It's dangerous to have to moonlight in another job, then show up to work at Envoy tired. It doesn't provide an enjoyable or safe work environment."

–Agent with two years' experience at Amarillo International Airport in Texas

AGENT TESTIMONIALS:

First-Hand Accounts of Extreme Measures Taken to Support Families

According to hundreds of individual testimonials, Envoy agents take extreme measures to survive and support their families – working multiple jobs, taking out high-interest payday loans, or even selling plasma.

Agents reported:

- **Working extensive overtime, including multiple double shifts.**

“I often double and have to sleep in the car to save gas. It’s really hard to choose whether to buy gas to get to work or feed my family.”

– Agent at Dallas-Fort Worth International Airport

“The only reason we get by is because I put in 40 additional hours per [two-week] pay period. Otherwise we wouldn’t make it financially... I kill myself just to make a decent wage.”

– Agent at Dallas-Fort Worth International Airport

- **Using credit cards and going into debt to pay bills.**

“I must work overtime to meet our basic needs [and pay] bills... We paid half of my yearly pay in daycare and have to put bills on credit cards every month because the wage is so low.”

– Agent at Wichita Dwight D. Eisenhower National Airport in Kansas

“I always try to budget but that doesn’t always work so I’m forced to do a payday loan.”

– Agent at La Crosse Regional Airport in Wisconsin

- **Relying on free childcare from family members or working extra hours to afford childcare.**

“Not only do I have public assistance but I can’t afford a babysitter for my children and I rely on my family to support me and my family.”

– Agent at Dallas-Fort Worth International Airport

“We live 45 minutes away from the airport because housing prices are cheaper. My mom

watches my kids so we don’t have to pay for child care. We buy second hand clothing. My husband has two jobs.”

– Agent at Evansville Regional Airport in Indiana

- **Using food pantries, buying discounted out-of-date food and sometimes going without meals.**

“I shop every other week to make sure our food lasts until the next pay check. I will most of the time only eat one meal a day to make sure my family can eat all three.”

– Agent at Milwaukee International Airport

“I shop at a store that sells out of date food and [buy] clothing at thrift stores.”

– Agent at Gerald R. Ford International Airport in Grand Rapids, Michigan

- **Selling personal objects and selling plasma.**

“I work 3 jobs and donate plasma twice a week to make ends meet.”

– Agent at Dwight D. Eisenhower National Airport in Kansas

“I may have to [sell] some things that are valuable to my family and that I don’t want to sell. It’s hard, but I gotta provide for my family somehow.”

– Agent at Clinton National Airport in Little Rock, Arkansas

- **Borrowing from retirement accounts.**

“[I] borrow from my 401k fast funds loans through the AA credit union. I’ve also pawned items and [gotten] help from family.”

– Agent at Dallas-Fort Worth International Airport

“I have had my home go into foreclosure a couple of times in the last 10 years and have had to do loan modifications and borrow money from family and my 401k to keep my home... I stay here because it is cheaper than renting.”

– Agent at Blue Grass Airport in Lexington, Kentucky

- **Living with parents or other family because Envoy wages aren’t enough to afford rent.**

“I personally can barely make ends meet with a car payment, car insurance, light bill, rent,

etc., which is why I have to stay with family instead of stay on my own. I don't know where I would be without my mother who is 70 years old and ailing."

– Agent at Tallahassee International Airport

"[I am] living with my son's family since I cannot afford to live on my own."

– Agent at Dallas-Fort Worth International Airport

- **Forgoing medical care or raising funds for medical care.**

"We don't go out or buy new clothing and we wait until the last minute to seek medical help."

– Agent at Key West International Airport

"I've had to make GoFundMe [pages] to pay medical bills. [I have] begged friends and family for \$20 just to get gas so I could make it in to work."

– Agent at Chattanooga Metropolitan Airport in Tennessee

- **Getting around without a car.**

"When my vehicle died over a year ago, I couldn't afford a new one because I live check to check. I'm blessed because coworkers look out for me, and I don't have to spend money on rideshare services."

– Agent at Chattanooga Metropolitan Airport in Tennessee

"I live paycheck to paycheck. I walk one mile to work because I can't afford a car."

– Agent at Dayton International Airport in Ohio

- **Working a second (or third) job, despite Envoy's unpredictable hours and preference that employees do not work elsewhere.**

"I often have to pick up hours at another job to make ends meet. Rent prices in Madison are crazy high and my paychecks cover it just barely with little to no wiggle room for food and gas. Even McDonald's in our area starts at \$12 an hour."

– Agent at Dane County Regional Airport in Wisconsin

"I am a single parent and I have to work 3 jobs just to make ends meet, pretty sad."

– Agent at Santa Barbara Municipal Airport in California

- **Relying on family members to cover the basics.**

"My mom provides assistance for the important things that need to get paid. If I don't have enough money for food her or my Aunt will provide family meals at their house. I don't like to constantly ask her for money so most of the time I end up overdrawing my account to buy food, make gas purchases, or pay bills. [This] leaves me with just enough to rob Peter to pay Paul when my next paycheck comes."

– Agent at O'Hare International Airport in Chicago

"We've had to rely on both my parents and my wife's parents to help with school supplies and uniforms, along with everyday clothes. Most of my pay periods simply just aren't enough. My family's livelihood is the most important part of my life and I honestly feel like I'm failing them as a husband and as a father."

– Agent at Lafayette Regional Airport in Louisiana





Endnotes

- 1 Envoy Air, “Our Company,” accessed February 16, 2018. Available at: <https://www.envoyair.com/our-company/>
- 2 *Slate*, “How we ruined airline jobs,” September 2017. Available at: http://www.slate.com/articles/business/metropolis/2017/09/how_we_ruined_airline_jobs.html
- 3 CWA research and American Airlines Group, press release, “American Airlines Group Reports Fourth-Quarter and Full Year 2017 Profit,” January 25, 2018, Available at: <http://news.aa.com/press-releases/press-release-details/2018/American-Airlines-Group-Reports-Fourth-Quarter-and-Full-Year-2017-Profit/default.aspx>
- 4 *CNBC*, “American Airlines CEO: ‘I don’t think we’re ever going to lose money again,’” September 28, 2017. Available at: <https://www.cnn.com/2017/09/28/american-airlines-i-dont-think-were-ever-going-to-lose-money-again.html>
- 5 Airlines for America, press release, “Airlines for America Applauds Historic Tax Reforms,” December 20, 2017. Available at: <https://www.businesswire.com/news/home/20171220006024/en/Airlines-America-Applaud-Historic-Tax-Reforms>
- 6 For expected tax refunds, see American Airlines Group, Q4 2017 Earnings Call Transcript, January 25, 2018. Available at: <https://seekingalpha.com/article/4140185-american-airlines-aal-ceo-doug-parker-q4-2017-results-earnings-call-transcript?part=single>
- 7 Regarding American not being a cash taxpayer, see American Airlines Group Fourth-Quarter results, op cit. American Airlines Group has \$11.3 billion in net operating loss carryforwards that expire in 2022. These originate from the losses that resulted in the company’s 2011 bankruptcy. See American Airlines Group, Form 10-K for the year ending December 31, 2016, at page 159. Available at: <https://www.sec.gov/Archives/edgar/data/4515/000119312517051216/d286458d10k.htm>;
- 8 Some airports have a minimum wage higher than \$9.48 because of state and local laws.

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